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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

Arizona Corporation Commission

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Arizona Corporation Commission
Director Of Utilities

IN THE MATTER OF THE APPLICATION OF
TRANS NATIONAL COMMUNICATIONS
INTERNATIONAL, INC. FOR A CERTIFICATE
OF CONVENIENCE AND NECESSITY TO
PROVIDE COMPETITIVE RESOLD AND
FACILITIES-BASED LOCAL EXCHANGE
TELECOMMUNICATIONS SERVICES IN
ARIZONA.

DOCKET NO. T-03975A-04-0499

DECISION NO. 67672

OPINION AND ORDER

DATE OF HEARING: January 24, 2005
PLACE OF HEARING: Phoenix, Arizona
ADMINISTRATIVE LAW JUDGE: Teena Wolfe
APPEARANCES: Mr. Michael W. Patten, ROSKA HEYMAN &
DEWULF, PLC, on behalf of Trans National
Communications International, Inc.; and
Mr. David M. Ronald, Staff Attorney, Legal Division,
on behalf of the Utilities Division of the Arizona
Corporation Commission.

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On July 8, 2004, Trans National Communications International, Inc. ("TNCI" or
"Applicant") filed with the Commission an application for a Certificate of Convenience and
Necessity ("CC&N") to provide resold interexchange and resold and facilities-based local exchange
telecommunications services within the State of Arizona ("Application"). The Application petitioned
the Commission for determination that its proposed services should be classified as competitive.

2. On August 17, 2004, TNCI filed an amendment to its Application withdrawing its
request for authority to provide resold long distance telecommunications services. The amendment

1 stated that TNCI was previously granted authority to provide resold interexchange
2 telecommunications services.

3 3. The Commission granted TNCI authority to provide competitive resold interexchange
4 telecommunications services, except local exchange services, in Decision No. 64982 (June 26, 2002).
5 On October 27, 2004, the Commission's Utilities Division Staff ("Staff") filed its Staff Report, which
6 recommended approval of the Application and included a number of additional recommendations.

7 4. On October 28, 2004, a Procedural Order was issued setting this matter for hearing on
8 January 24, 2005 and setting various procedural deadlines.

9 5. On December 28, 2004, Applicant docketed an Affidavit of Publication that complies
10 with Commission rules.

11 6. On January 24, 2005, a full public hearing in this matter was held as scheduled. TNCI
12 appeared and was represented by counsel. Staff appeared and was represented by counsel. The
13 hearing was conducted before a duly authorized Administrative Law Judge. Evidence was presented
14 and testimony was taken. At the conclusion of the hearing, the Administrative Law Judge took the
15 matter under advisement.

16 7. TNCI submitted audited financial statements for the twelve months ending December
17 31, 2003. These financial statements list assets in excess of \$5.9 million, equity of \$251,000, and a
18 net loss of \$1.32 million.

19 8. TNCI is incorporated under the laws of the State of Delaware and is authorized to do
20 business in Arizona.

21 9. Applicant has the technical capability to provide the services that are proposed in its
22 Application as amended.

23 10. Currently there are several incumbent providers of local exchange and interexchange
24 services in the service territory requested by Applicant, and numerous other entities have been
25 authorized to provide competitive local and interexchange services in all or portions of that territory.

26 11. It is appropriate to classify all of Applicant's authorized services as competitive.

27 12. Staff recommended that TNCI's Application for a CC&N to provide competitive
28 resold and facilities-based local exchange telecommunications services be granted. In addition, Staff

1 further recommended that the Commission order Applicant to:

- 2 (a) within 365 days of the effective date of the Order in this matter or 30 days
3 prior to the provision of service, whichever comes first, either 1) file a letter
4 with the Commission's Docket Control Center stating that it provides services
5 solely through the use of its own facilities, or 2) procure an Interconnection
6 Agreement that must remain in effect until further Order of the Commission;
- 7 (b) within 365 days of the effective date of the Order in this matter or 30 days
8 prior to the provision of service, whichever comes first, file with the
9 Commission's Docket Control Center Applicant's plan to have its customers'
10 telephone numbers included in the incumbent's Directories and Directory
11 Assistance databases, which plan must remain in effect until further Order of
12 the Commission;
- 13 (c) pursue permanent number portability arrangements with other LECs pursuant
14 to Commission rules, federal laws and federal rules;
- 15 (d) abide by and participate in the AUSF mechanism instituted in Decision No.
16 59623, dated April 24, 1996 (Docket No. RT-00000E-95-0498);
- 17 (e) abide by the quality of service standards that were approved by the
18 Commission for Qwest in Docket No. T-0151B-93-0183;
- 19 (f) refrain from barring access to alternative local exchange service providers who
20 wish to serve areas where Applicant is the only provider of local exchange
21 service facilities;
- 22 (g) within 365 days of the effective date of the Order in this matter or 30 days
23 prior to the provision of service, whichever comes first, certify, through the
24 911 service provider in the areas in which it intends to provide service, that all
25 issues associated with the provision of 911 service have been resolved with the
26 emergency service providers, which certification must remain in effect until
27 further Order of the Commission;
- 28 (h) abide by all the Commission decisions and policies regarding CLASS services;
- (i) provide 2-PIC equal access;
- (j) notify the Commission immediately upon changes to its name, address or
telephone number;
- (k) comply with all Commission rules, Orders, and other requirements relevant to
the provision of intrastate telecommunications service;
- (l) maintain its accounts and records as required by the Commission;
- (m) file with the Commission all financial and other reports that the Commission
may require, and in a form and at such times as the Commission may
designate;
- (n) maintain on file with the Commission all current tariffs and rates, and any
service standards that the Commission may require;
- (o) cooperate with Commission investigations including, but not limited to,

customer complaints;

- (p) participate in and contribute to a universal service fund, as required by the Commission;
- (q) abide by the Commission's rules and the 1996 Telecommunications Act and the rules promulgated thereunder to the extent that they apply to CLECs; and
- (r) if Applicant desires to discontinue service, file an application with the Commission pursuant to A.A.C. R14-2-1107, and notify each customer and the Commission 60 days prior to filing an application to discontinue service. Staff further recommended that Applicant's failure to comply with this requirement should result in forfeiture of Applicant's performance bond.

14. Staff additionally recommended that TNCI's application for a CC&N to provide intrastate telecommunications services should be granted subject to the conditions included in this Findings of Fact, that Applicant's failure to comply with these conditions result in Applicant's CC&N becoming null and void without further Order of the Commission, and that no time extensions be granted for compliance with these conditions, which are as follows:

- (a) TNCI shall file, with the Commission's Docket Control Center, conforming tariffs for its CC&Ns to provide resold local exchange and facilities-based local exchange service within 365 days from the date of an Order in this matter or 30 days prior to providing service, whichever comes first, and in accordance with the Decision;
- (b) TNCI shall procure a performance bond equal to \$125,000. The minimum bond amount of \$125,000 shall be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from TNCI's customers. The bond amount shall be increased in increments of \$62,500 whenever the total amount of the advances, deposits and prepayments is within \$12,500 of the bond amount; and
- (c) TNCI shall docket proof of the performance bond within 365 days of the effective date of this Order or 30 days prior to the provision of service, whichever comes first, and the performance bond must remain in effect until further Order of the Commission.

15. In its Staff Report, Staff stated that based on information obtained from the Applicant, it has determined that TNCI's fair value rate base is zero, and is too small to be useful in a fair value analysis.

16. Staff further stated that in general, rates for competitive services are not set according to rate of return regulation, and Staff reviewed the rates to be charged by the company and believes

1 that they are just and reasonable as they are comparable to other competitive local carriers and local
2 incumbent carriers and to the rates that TNCI charges in other jurisdictions. Therefore, while Staff
3 considered the fair value rate base information submitted by TNCI, the fair value rate base
4 information provided should not be given substantial weight in this analysis.

5 17. Staff's recommendations, as set forth herein, are reasonable.

6 35. TNCI's fair value rate base is determined to be zero for purposes of this proceeding.

7 CONCLUSIONS OF LAW

8 1. Applicant is a public service corporation within the meaning of Article XV of the
9 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

10 2. The Commission has jurisdiction over Applicant and the subject matter of the
11 Application.

12 3. Notice of the Application was given in accordance with the law.

13 4. A.R.S. § 40-282 allows a telecommunications company to file an application for a
14 CC&N to provide competitive telecommunications services.

15 5. Pursuant to Article XV of the Arizona Constitution, as well as the Arizona Revised
16 Statutes, it is in the public interest for Applicant to provide the telecommunications services set forth
17 in its Application as amended.

18 6. Applicant is a fit and proper entity to receive a CC&N authorizing it to provide
19 competitive resold and facilities-based local exchange telecommunications services in Arizona,
20 subject to the conditions recommended by Staff as set forth in Findings of Fact No. 14 above.

21 7. Applicant should be ordered to comply with the requirements recommended by Staff
22 as set forth in Findings of Fact No. 13 above.

23 8. The telecommunications services that the Applicant intends to provide are competitive
24 within Arizona.

25 9. Pursuant to Article XV of the Arizona Constitution as well as the Commission's
26 Competitive Rules, it is just and reasonable and in the public interest for Applicant to establish rates
27 and charges that are not less than the Applicant's total service long-run incremental costs of
28 providing the competitive services approved herein.

10. Staff's recommendations, as set forth herein, are reasonable and should be adopted.

11. Applicant's competitive rates, as set forth in its proposed tariffs, are just and reasonable and should be approved.

ORDER

IT IS THEREFORE ORDERED that the Application of Trans National Communications International, Inc. for a Certificate of Convenience and Necessity for authority to provide competitive facilities-based and resold local exchange telecommunications services in Arizona shall be, and is hereby, granted, conditioned upon Trans National Communications International, Inc.'s timely compliance with the following two Ordering Paragraphs.

IT IS FURTHER ORDERED that Trans National Communications International, Inc. shall file tariffs conforming to the proposed tariffs in its application within 365 days of this Decision or 30 days prior to providing service, whichever comes first.

IT IS FURTHER ORDERED that Trans National Communications International, Inc. shall procure and docket proof of a performance bond equal to \$125,000 the earlier of 365 days from the effective date of this Order or 30 days prior to the commencement of service, and shall increase the bond in increments of \$62,500 whenever the total amount of collected advances, deposits and prepayments is within \$12,500 of the bond amount.

IT IS FURTHER ORDERED that if Trans National Communications International, Inc. fails to meet the timeframes outlined in the Ordering Paragraphs above, that the Certificate of Convenience and Necessity conditionally granted herein shall become null and void without further Order of the Commission.

IT IS FURTHER ORDERED that Trans National Communications International, Inc. shall comply with all of the Staff recommendations set forth in Findings of Fact No. 13 above.

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IT IS FURTHER ORDERED that if Trans National Communications International, Inc. fails to notify each of its customers and the Commission at least 60 days prior to filing an application to discontinue service pursuant to A.A.C. R14-2-1107, that Trans National Communications International Inc.'s performance bond shall be forfeited.

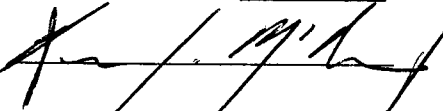
IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

 CHAIRMAN
 COMMISSIONER
 COMMISSIONER

 COMMISSIONER
 COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 9th day of March, 2005.


 BRIAN C. McNEIL
 EXECUTIVE SECRETARY

DISSENT _____

DISSENT _____

1 SERVICE LIST FOR:

TRANS NATIONAL COMMUNICATIONS
INTERNATIONAL, INC.

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3 DOCKET NO.:

T-03975A-04-0499

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